

## **FISCAL NOTE**

### **HB 3469 - SB 3839**

March 10, 2006

**SUMMARY OF BILL:** Deletes the language “for state purposes only” from T.C.A. 67-4-409(a), which applies to recordation tax on realty transfers.

#### **ESTIMATED FISCAL IMPACT:**


**Other Fiscal Impact – Enactment of this bill removes the language “for state purposes only” from T.C.A. 67-4-409(a) as it applies to the recordation tax on realty transfers. However, T.C.A. 67-4-401 would remain in effect, which prohibits local government from assessing such tax. Therefore, this bill would not have any impact on state or local government revenues.**

#### Assumptions:

- The recordation tax for the transfer of realty is \$0.37 per \$100.
- According to the Department of Revenue (DOR), enactment of this legislation would allow local governments to assess realty transfer tax. To this extent, the DOR estimates that local government revenues would increase by an amount exceeding \$1,000,000.
- However, T.C.A. 67-4-401 would remain in effect. This law states that “Engaging in the various businesses mentioned in this part (Part 4) is declared to be a privilege for state purposes and taxable by the state alone....No county or municipality may impose any tax upon the privileges mentioned in this part except license fees upon motor vehicles...” Therefore, local governments would not be able to assess any realty transfer tax.
- Enactment of this bill would not have any impact on state or local government.

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director